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Apache Corporation Discovers Significant New Resource Play In Southern Delaware Basin

Company secures 307,000 contiguous net acres in wet gas and oil window

HOUSTON, Sept. 7, 2016 /PRNewswire/ -- Apache Corporation (NYSE, Nasdaq: APA) today announced that after more than two years of extensive geologic and geophysical work, methodical acreage accumulation, and strategic testing and delineation drilling, the company can confirm the discovery of a significant new resource play, the "Alpine High." Apache's Alpine High acreage lies in the southern portion of the Delaware Basin, primarily in Reeves County, Texas. The company estimates hydrocarbons in place on its acreage position are 75 trillion cubic feet (Tcf) of rich gas (more than 1,300 British Thermal Units) and 3 billion barrels of oil in the Barnett and Woodford formations alone. Apache also sees significant oil potential in the shallower Pennsylvanian, Bone Springs and Wolfcamp formations.

Key highlights of the discovery:

- Apache has secured 307,000 contiguous net acres (352,000 gross acres) at an attractive average cost of approximately \$1,300 per acre.
- Alpine High has 4,000 to 5,000 feet of stacked pay in up to five distinct formations including the Bone Springs, Wolfcamp, Pennsylvanian, Barnett and Woodford.
- 2,000 to more than 3,000 future drilling locations have been identified in the Woodford and Barnett formations alone. These formations are in the wet gas window and are expected to deliver a combination of rich gas and oil. Initial estimates for the Woodford and Barnett zones indicate a pretax, net present value (NPV) range of \$4 million to \$20 million per well, at benchmark oil and natural gas prices of \$50 per barrel and \$3 per thousand cubic feet (Mcf), respectively. Expected well costs in development mode for a 4,100 foot lateral are estimated to be approximately \$4 million per well in normally pressured settings and \$6 million per well in over-pressured settings.
- Apache has drilled 19 wells in the play, with nine currently producing in limited quantities due to infrastructure constraints. This includes six wells in the Woodford, one well in the Barnett and one well each in the shallower Wolfcamp and Bone Springs oil formations.



Alpine High play and its large inventory of repeatable, high-value drilling opportunities. We have thousands of low-risk locations in the Woodford and Barnett formations alone, and we are looking forward to further delineating what we believe will be a significant number of oil-prone locations in the Pennsylvanian, Wolfcamp and Bone Springs."

"Today's announcement is the culmination of more than two years of hard work by the Apache team. While other companies have focused on acquisitions during the downturn, we took a contrarian approach and focused on organic growth opportunities. These efforts have resulted in the identification of an immense resource that we believe will deliver significant

value for our shareholders for many years," said John J. Christmann IV, Apache's chief executive officer and president. "We are incredibly excited about the Alpine High play and its large inventory of repeatable, high-value drilling opportunities. We have thousands of low-risk locations in the Woodford and Barnett formations alone, and we are looking forward to further delineating what we believe will be a significant number of oil-prone locations in the Pennsylvanian, Wolfcamp and Bone Springs."

In addition to providing details on Apache's Alpine High discovery, the company is also providing an update today on its Midland Basin and other Delaware Basin assets, including strong comparative well results and future drilling locations. This update can be found in the slide deck associated with today's Barclay's 2016 CEO Energy-Power Conference presentation, which is posted on the company's website at www.apachecorp.com and investor.apachecorp.com.

"Our announcement today represents a significant addition to our already deep and highly economic Permian Basin position. With the contribution of Alpine High to our global portfolio of world-class international and North American assets, Apache clearly has more profitable-growth opportunities than at any other time in the company's 60-year history," Christmann concluded.

2016 capital guidance update

To accelerate the delineation and development of the Alpine High play, Apache is increasing its 2016 capital spending by approximately \$200 million for the year and raising its full-year capital guidance to approximately \$2 billion. Capital spending on the Alpine High play in 2016 will represent more than 25 percent of Apache's total capital spending program.

Barclay's presentation

Apache CEO and President John J. Christmann IV will present today, Sept. 7, 2016, at 6:45 a.m. Central time at the Barclay's 2016 CEO Energy-Power Conference. The presentation and live webcast will be available on Apache's website at www.apachecorp.com and investor.apachecorp.com, and the webcast replay will be archived there as well.

About Apache

Apache Corporation is an oil and gas exploration and production company with operations in the United States, Canada, Egypt and the United Kingdom. Apache posts announcements, operational updates, investor information and all press releases on its website, www.apachecorp.com, and on its Media and Investor Center mobile application, which is available for free download from the Apple App Store and Google's Play store. To sign up to receive email alerts regarding news and other website updates, please visit <http://investor.apachecorp.com/alerts.cfm>.

Forward-looking statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects," "guidance," and similar references to future periods. These statements include, but are not limited to, statements about future plans, expectations and objectives for Apache's operations, including statements about our capital plans, drilling plans, production expectations, asset sales, and monetizations. While forward-looking statements are based on assumptions and analyses made by us that we believe to be reasonable under the circumstances, whether actual results and developments will meet our expectations and predictions depend on a number of risks and uncertainties which could cause our actual results, performance, and financial condition to differ materially from our expectations. See "Risk Factors" in our 2015 Form 10-K filed with the Securities and Exchange Commission for a discussion of risk factors that affect our business. Any forward-looking statement made by us in this news release speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future development or otherwise, except as may be required by law.

Cautionary note to investors

The United States Securities and Exchange Commission ("SEC") permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable, and possible reserves that meet the SEC's definitions for such terms. Apache may use certain terms in this earnings release, such as "resources," "potential resources," "resource potential," "estimated net reserves," "recoverable reserves," and other similar terms that the SEC guidelines strictly prohibit Apache from including in filings with the SEC. Such terms do not take into account the certainty of resource recovery, which is contingent on exploration success, technical improvements in drilling access, commerciality and other factors, and are therefore not indicative of expected future resource recovery and should not be relied upon. Investors are urged to consider carefully the disclosure in Apache's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2015, available from Apache at www.apachecorp.com or by writing Apache at: 2000 Post Oak Blvd., Suite 100, Houston, TX 77056 (Attn: Corporate Secretary). You can also obtain this report from the SEC by calling 1-800-SEC-0330 or from the SEC's website at www.sec.gov.